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SENSITIVE

STATE FOR WHA/CAR (VDEPIRRO) (WSMITH) (JMACK-WILSON)
WHA/EPSC (MROONEY) (FCORNEILLE)
EEB/ESC/IEC (GGRIFFIN)
EEB/ESC/IEC/EPC (MMcMANUS)
INR/RES (RWARNER)
INR/I (SMCCORMICK)
SANTO DOMINGO FOR FCS AND FAS
TREASURY FOR ERIN NEPHEW
EXPORT IMPORT BANK FOR ANNETTE MARESH
USTDA FOR NATHAN YOUNG AND PATRICIA ARRIAGADA
OPIC FOR ALISON GERMAK

E.O. 12958: N/A
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IMF, TRSY, XL, JM
SUBJECT: JAMAICA ENERGY MINISTRY: PLANNING AND CHANGING, AGAIN

REF: A) KINGSTON 294
B) KINGSTON 601
C) KINGSTON 427

1. (SBU) SUMMARY: Marcia Forbes, the Permanent Secretary (PS) in the Ministry of Energy, resigned on August 20 after serving only four months. She became PS when Minister James Robertson took over the portfolio in April from then-Minister Clive Mullings (reftel A). The PS position has yet to be filled, but the job was offered to former Financial Secretary Sharon Crooks (Reftel B). Jamaica's energy sector is in dire need of improvement and sound guidance; a pattern of changing leadership will only further delay desperately needed reform. Forbes worked aggressively to publish Jamaica's National Energy Policy (NEP) 2009-2030 in July (Reftel C), but will no longer be there to implement it. END SUMMARY.

PS Saw New Post As Conflict of Interest

2. (SBU) Robertson had brought Forbes, a dedicated and talented technocrat, from the Ministry of Telecommunications to assist at the Ministry of Energy. Given the range of challenges facing the energy sector and the extensive amount of reform that is needed, it is surprising that the Jamaica Labour Party (JLP)-led government would undergo another leadership change at the PS level, particularly as the PS recently released the NEP outlining future plans and goals. Forbes told Emboff that she was to be transferred to the Office of the Prime Minister to serve as Director General for Information, Telecommunications and Special Projects. Forbes and her husband own a large multi-media company in Jamaica; she viewed the new posting as a direct conflict of interest. She resigned instead of taking the job.

Who Will Fill PS Job?

3. (SBU) Crooks does not have a technical background related to energy and is likely to decline the PS position. There is speculation that she may be seeking a position abroad with a multilateral institution. Another possible candidate for the position is Hillary Alexander, Chief Technical Director of the Public Sector Modernisation Division (PSMD) in the Office of the Prime Minister.

National Plan

14. (SBU) The 90-page NEP includes an overview of Jamaica's energy sector and outlines seven major goals, but offers few specifics. In substance, the stated policies closely mirror those from the 2006-2020 Jamaica Energy Policy "Green Paper." Notable changes from Green Paper include a decision to pursue developing liquefied natural gas (LNG) infrastructure and imports, and openness to small-scale nuclear power when it becomes feasible. In this 2009 publication, Robertson has demonstrated the ability to mobilize his planning staff and stakeholders to identify the major long-term goals for Jamaica's Energy Sector while supporting his short-term agenda.

Energy Sector Dependent on Oil

15. (SBU) Jamaica is almost completely dependent on imported petroleum and nearly a third of the country's installed capacity is nearly 40 years old (Reftel C). The electricity tariff allows all fuel costs to be passed on to the consumer, resulting in disincentives for production efficiency and source fuel diversification (Reftel C). The high import bill resulting from the oil prices of 2008 for the first time eclipsed export earnings. Jamaica's Greenhouse Gas Intensity has been among the highest in the hemisphere, credited largely to bauxite/alumina--a sector that has nearly collapsed during the current economic downturn.
NEP's Goals

16. (SBU) In light of this background and with and the United Nations Climate Change Conference in Copenhagen on the horizon, the published energy sector goals of the Government of Jamaica (GOJ) are:

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-- Goal 1 - Conservation and efficiency: estimates 12 percent of gains by 2020 through these measures;

-- Goal 2 - Modernize and expand energy infrastructure: 40 percent of generation capacity is over 30 years old. Jamaica would like to attract the necessary investment to improve production efficiency;

-- Goal 3 - Renewable energy: wind and hydro currently account for 5 percent of energy. By 2030, the goal is for renewables to account for 20 percent;

-- Goal 4 - Long-term sustainable growth: through increased diversification of fuel source and development of any indigenous sources, Jamaica would like to improve energy security and see natural gas contributing 25 percent to the energy supply by 2020 (versus zero today);

-- Goal 5 - Governance/regulatory structure: general agenda as needed to support long-term policy. Hedges progress on net-metering legislation by calling for further study;

-- Goal 6 - Government leads by example: the GOJ has made progress in this area by conducting some energy audits of public buildings, and now would like to follow-up and implement the recommendations. (NOTE: The GOJ signed a USD 350,000 grant with the Intern-American Development Bank on August 21 to finance programs to reduce government spending on energy in the public sector END NOTE);

-- Goal 7 - Industrial eco-efficiency: A broad-based goal to improve energy utilization in the private sector;

17. (SBU) COMMENT: Although probably not the goal of the high-level publication, Robertson has set a relatively low bar for specific items for which he can be held accountable. Where the plan does get into specifics, there appear to be some conflicts, based on discussions Emboffs have had with Robertson. For example, in private meetings he indicated that Net Metering, a common policy critical to fostering distributed generation which has been talked about here for at least three years, was a "done deal;" yet, the report calls for more study. Oddly, to support the goal of increasing renewable energy, renewable energy plants that generate

less than 15 megawatts are called for on a not-to-compete basis, with only those generating more than 15 megawatts requiring a competitive process, through the independent Office of Utility Regulation (OUR). Such a provision probably only serves to benefit the state-owned Petroleum Corporation of Jamaica (PCJ), which owns the existing Wigton Wind Farm (Reftel C).

18. (SBU) With a large share of the energy demand related to tourism and the increase of eco-minded tourists, it was surprising the policy did not lean more heavily on that sector through efficiency improvements, sustainable construction minimum requirements, and no/low-carbon transportation. Additional, unmentioned opportunity exists to support "green jobs." Energy auditors have expressed frustration at the unwillingness of businesses to value their services. There are qualified auditors on the island, and their projects make financial sense, but the business community is not willing to pay for such services because they are not acquainted with the technology and do not realize the financial gains that could be derived. This knowledge gap could be exploited by Robertson to create awareness and help reduce energy consumption.

9 (SBU) Robertson has been in his post since April, and will soon need to show some solid deliverables. His predecessor, Clive Mullings, was able to successfully implement an island-wide roll out of E-10 ethanol blend (a 10 percent ethanol and 90 percent gasoline blend) at gas stations, but as impressive as this was, it was not enough to allow him to keep the portfolio. Robertson's task will be made even more difficult, as the new PS, once appointed, will take a few months to get up to speed in the Ministry. Time is of the essence for the Minister and for Jamaica's beleaguered energy sector.

PARNELL